

consisted of 75,483,429 francs in gold and 5,860,620 francs in silver. Although barely established when the crisis of 1907 in America reacted upon European markets, it weathered the storm with a rate of discount lower than the maximum of many other European banks.¹ The rate of five per cent., which was fixed August 15, 1907, was advanced in October to five and a half per cent.; but this was the maximum found necessary, and a reduction was made January 16, 1908, to five per cent, and January 23d to four and a half per cent.

Banking in Spain.

Spain had banks of deposit during her period of prosperity in the Middle Ages, some of which, like that at Barcelona, attained considerable celebrity. These institutions disappeared with the decadence of Spanish commerce and it remained for the modern age to witness a new development of banking. An attempt was made in the eighteenth century to establish institutions of credit, and the Bank of San Carlos, which was founded in 1782 at Madrid, was still in operation when the monopoly of the issue of circulating notes was given to the Bank of Spain in 1874. The Bank of Spain was founded in 1829, under the name of the Bank of San Fernando, but did not enjoy any special privileges outside of Madrid and the places where it had branches until 1856,* It was at first a government bank and its name was changed at the time of the new legislation to the Bank of Spain, but even after 1856 the right to incorporate other banks of issue remained in the hands of the government. Such banks had been established prior to 1856 by the consent of the public authorities in much the same manner as departmental banks might have been established in France before 1840.

The legislation of January 8, 1856, was simply a first step in the direction of monopoly, like the similar legislation

¹ *Controle des Billets de Banque* 1907, 20.

This bank, founded in 1401, is said to have been the first bank of deposit instituted for the accommodation of private merchants—Hallam, II., 530.

³ Courcelle-Seneuil, 361.